Department of Defense (DoD) Logistics Transformation

NDIA, San Diego ***26 October 2000***

How Have We Done So Far?
National Performance Review (NPR)

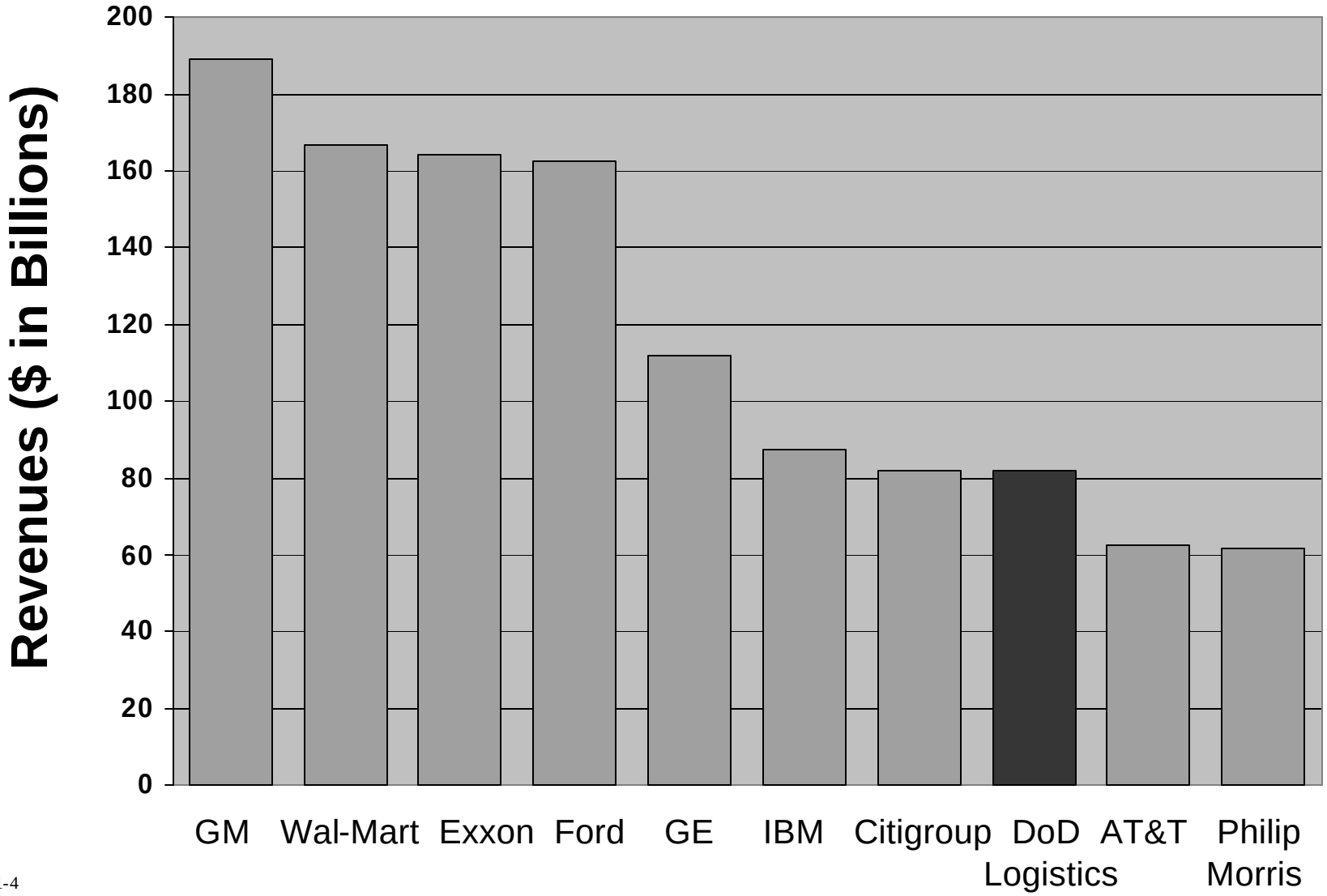
Reinvention Objectives	NPR Goals (by 2000)	Current Status NPR Goals
Improve Service	Reduce Logistics Response Time by 50 Percent to 18 days	14 Days - Exceeded
Reduce Theater Footprint	Increase Asset Visibility to 90%	92 % - Exceeded
Rightsize Infrastructure	Reduce Secondary Item Inventory to $56 Billion	$55 billion - Exceeded
Modernize Information Systems	Reduce Paper Transactions by 50%	67% Contracting Actions are Electronic. Goal of 64% Exceeded

Met 2000 goals ahead of schedule!

Where Are We?

- **Over $80 billion per year**
- **Almost 1 million government personnel**
- **Almost $55 billion of inventory**
- **19 Maintenance depots**
- **16 Inventory control points**
- **80,000 suppliers**
- **14 days order-to-receipt for materiel**

We're # 8


Revenues ($ in Billions)
200
180
160
140
120
100
80
60
40
20
0
GM
Wal-Mart
Exxon
Ford
GE
IBM
Citigroup
DoD Logistics
AT&T
Philip Morris

Our National Logistics Challenge

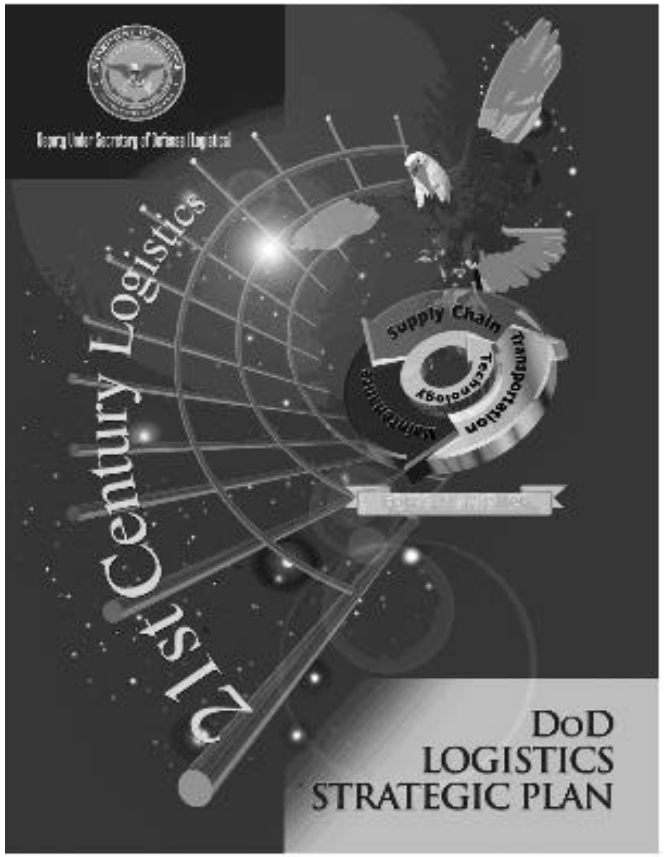
Operational Requirements	Current Situation
• Highly agile, mobile forces	• Over 600,000 logisticians assigned to operational units (including reserves)
• Respond within 24 hours, sustain within 7 days	• Current “best” planning at 75 days to sustain forces
• Minimum customer wait time	• Logistics response time averages 14 days
• Assured supply	• 80,000 suppliers - wide variation in processing time – low confidence in deliveries
• Total asset visibility, dynamic planning and replanning	• Over 1,000 disjointed, aging information systems supporting 2 billion transactions per year

Logistics transformation is an urgent, national priority.

DoD Approach

- **Focus on customer service and military readiness**
- **Move from a vertical, functional optimization to a horizontal, customer optimization**
- **Follow proven industry model**
  - **Segmentation of logistics infrastructure and processes to focus on the specific requirements of customer markets**
  - **Integration of logistics chains**
  - **Strategic partnerships**
- **Drive transformation effort as an integrated strategy focused on operational requirements**

DoD Logistics Vision

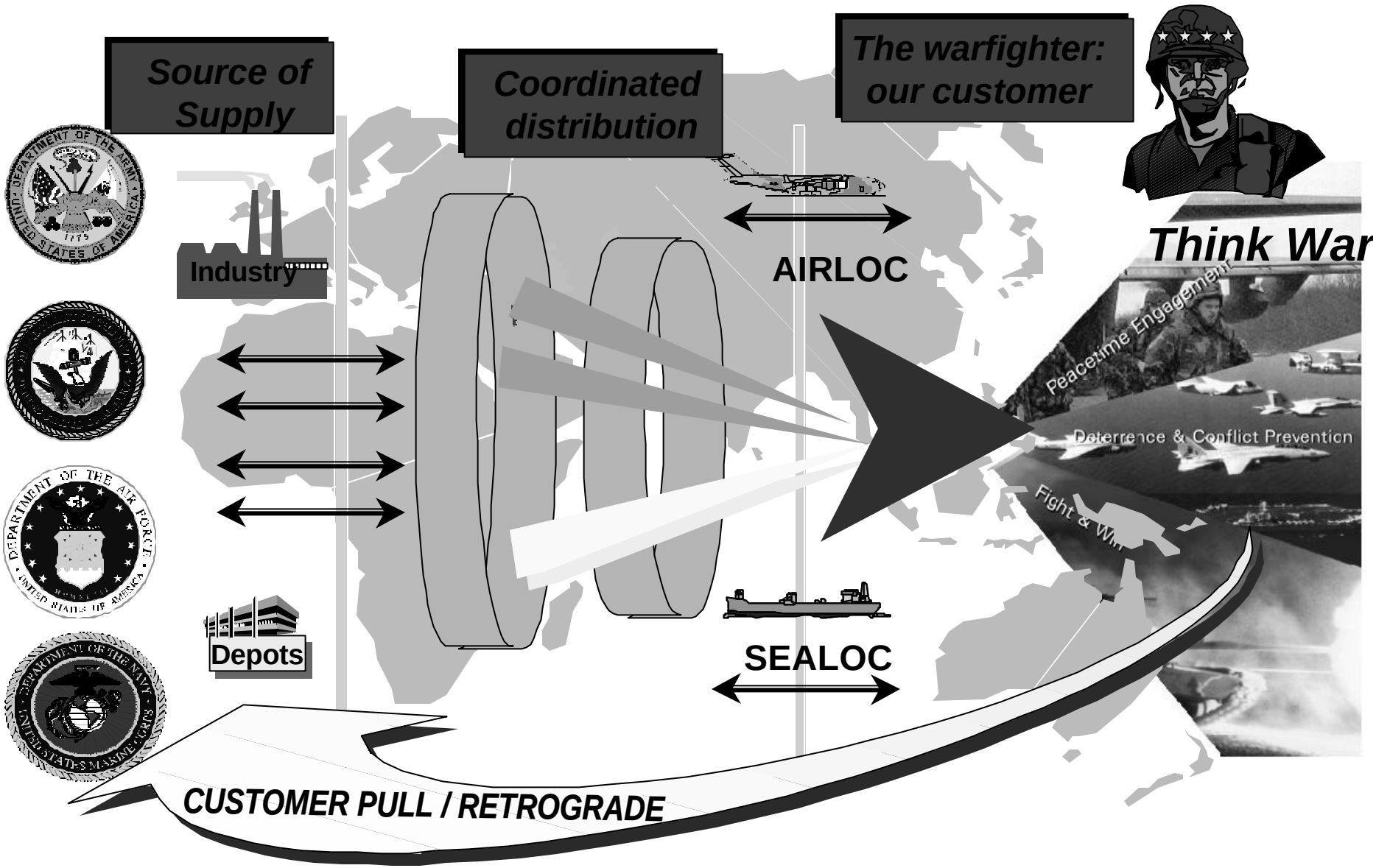


By 2006, the joint logistics process will be a highly efficient, integrated system that ensures required support to the warfighter.

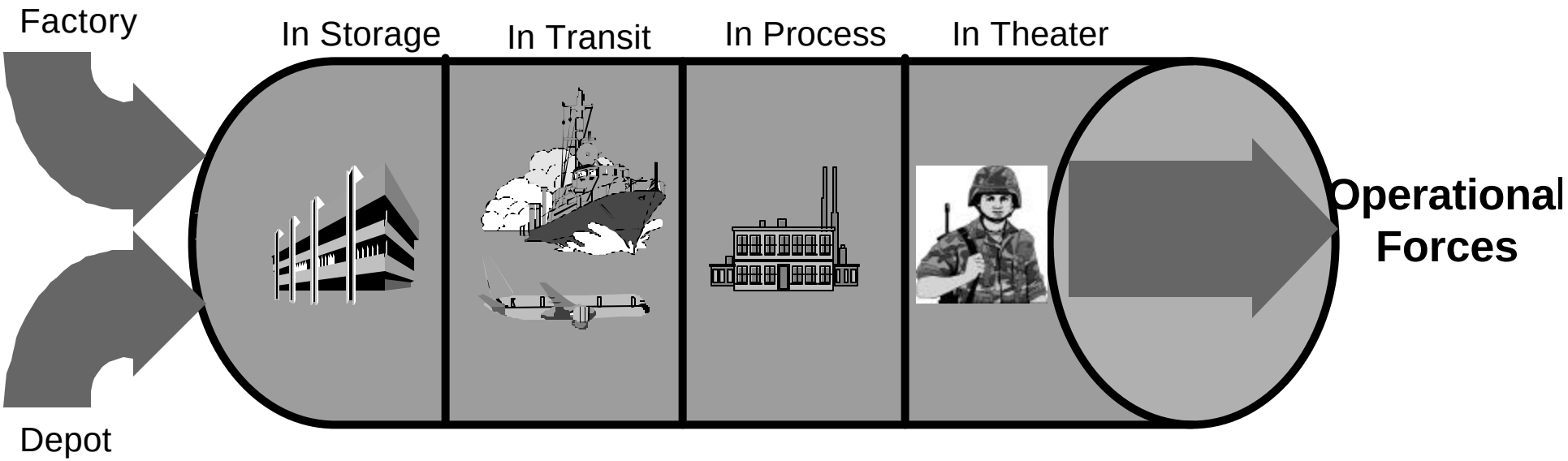
DoD Logistics Objectives

- **Optimize support to the warfighter**
- **Improve strategic mobility to meet warfighter requirements**
- **Implement customer wait time as the DoD logistics metric**
- **Fully implement total asset visibility across DoD**
- **Reengineer/modernize applicable logistics processes/systems**
- **Achieve best value logistics, while meeting requirements, enabling reduced operating costs**

Joint Logistics Warfighter Initiative



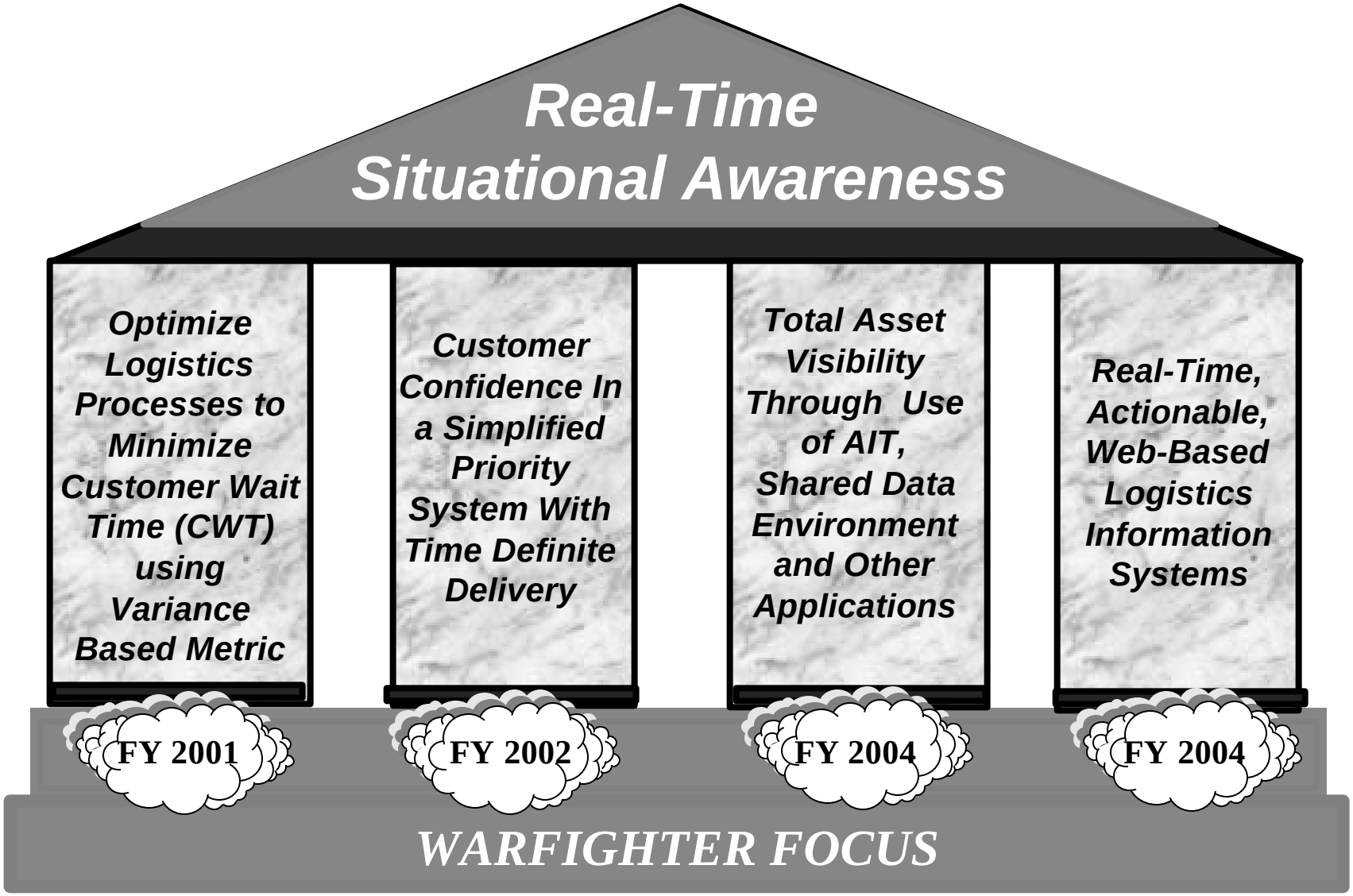
Total Asset Visibility



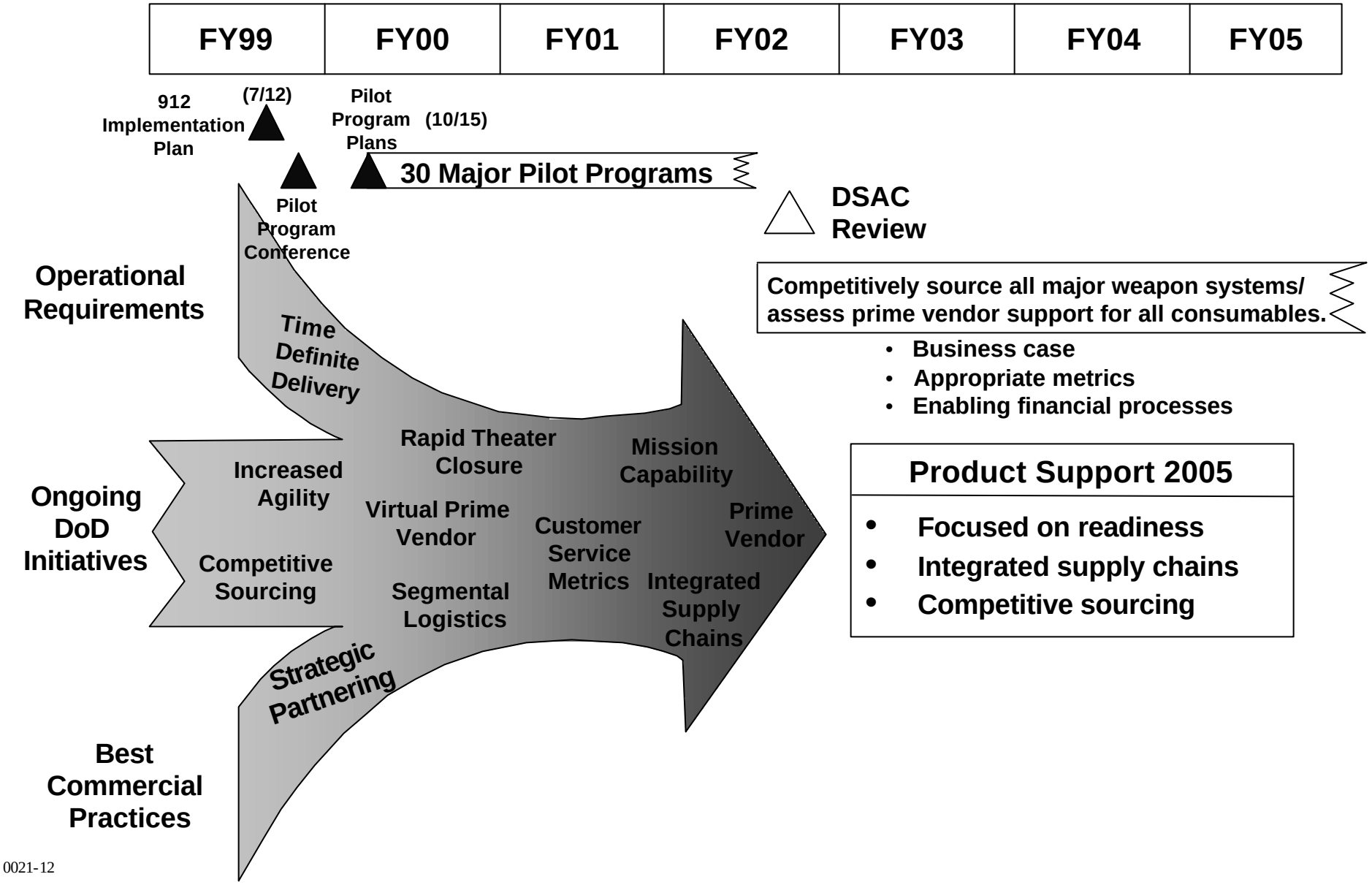
DoD Logistics Goal:

Fully implement TAV by 2006

Logistics Transformation



Reengineering Product Support



Where are We Going ?
Product Support 2005

- **Customer relationships based on availability of mission equipment instead of distinct elements (parts, maintenance, etc.)**
- **Logistics chains integrated across industry and government; best-value providers selected for long-term partnerships based on competition**
- **Integrated logistics chains focused on customer service and system readiness - driven by the unique military requirements**
- **Continuous improvement of weapon system RM&S via dedicated investment in technology refreshment**
- **Effective integration of weapon system-focused support to provide total combat logistics**
- **Competitive sourcing achieved via multiple strategies tailored to program and Service requirements (e.g., Flexible Sustainment, PVS, partnering, Power-by-the-Hour)**

Current Service Initiatives

Pilot Programs - Implementing 912 Product Support

Assessment: GOOD

Program	Service
H-60	Navy
Apache	Army
F-117	USAF
MLRS HIMARS	Army
TOW ITAS	Army
M-1	Army
AAAV	Navy
Crusader	Army
Guardrail	Army
JSTARS	USAF
CMC	USAF
AWACS	USAF

Program	Service
LPD-17	Navy
MTVR	Navy
C-17	USAF
CH-47	Army
Comanche	Army
SBIRS	USAF
Aegis Cruisers	Navy
HEMTT	Army
F-16	USAF
B-1	USAF
C-5	USAF
ASE/CASS	Navy

24 pilots embrace 912 PS

- Life cycle competitive sourcing
- Partnering
- Performance Based Logistics
- Prime vendor

USD(AT&L) Objectives

✓ Reduced O&S Costs
✓ Improved Readiness
✓ Increased Performance

Assessment: FAIR/WEAK

Program	Service
CVN-68 Carrier	Navy
C/KC-135	USAF
Common Ship	Navy
SLAM-ER	Navy
AFATDS	Army
EA-6B	Navy

Competitive Product Support

PEO / SYSCOM

4 April 2000

Air Force Pilot Programs

- KC-135
- C-5
- Cheyenne Mountain Complex
- SBIRS
- C-17
- F-117
- B-1B
- F-16
- JSTARS
- E-3/AWACS

In General…What Plans Show

- Already Approved/Implemented Programs
  - JSTARS, C-17, F-117, SBIRS
  - Lessons Learned
- Acquisition Phase Programs
  - Preference for TSPR arrangements
  - Extensive partnering plans beginning early in acquisition phases
- Legacy Systems
  - Extensive Product Support infrastructure/arrangements already in place
  - Targeting new MODs and/or Subsystems for Product Support

Highlights: From Plans

- Pilot programs embraced the challenge to develop Product Support concepts/innovations
- Variety of Proposed Support Arrangements
  - Performance-oriented Contracts
  - Award Term incentives
  - Long-term Support Arrangements
  - Sharing in cost reduction initiatives
  - Service Level Agreements
- Extensive work under way to identify partnering opportunities - most begin at joint (e.g. KTR-Gov IPT) planning stage
- Next phase is critical: Detailed planning & strategy development supported by BCAs

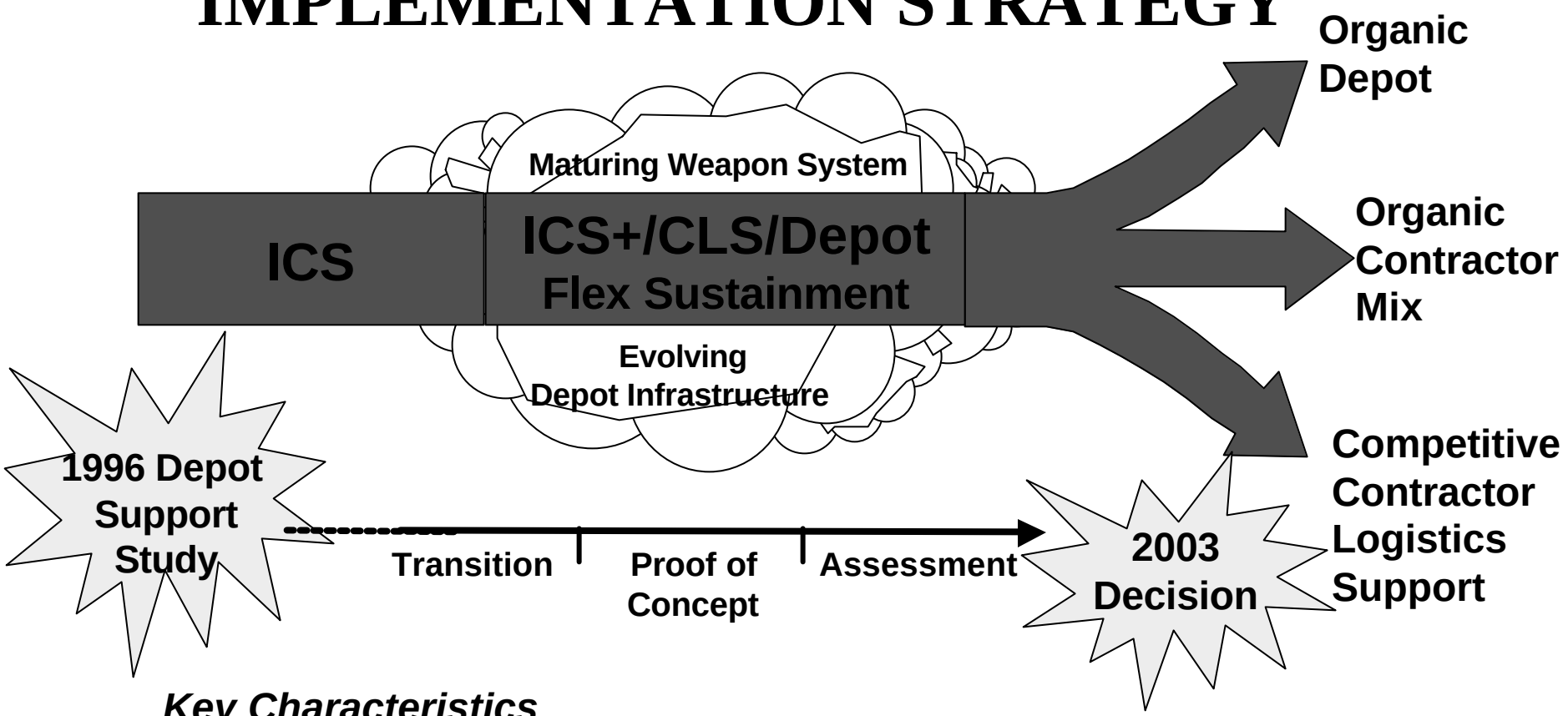
Highlights: Lessons Learned

- **Building/coordinating an innovative product support strategy takes time**
- **SPD ultimately responsible for customer satisfaction even under TSPR arrangement**
- **Involve all stakeholders early**
- **Start sustainment planning early**
- **Partnering should start early and is a continual process**
- **Structure performance incentives to maximize desired performance - performance incentives work**
- **Under TSPR, build in “off ramps” (recompetition; return to organic)**

C-5 Contract

- **7 Year FFP FAR Pt 12 Commercial Contract**
  - Transition
  - FFP
    - **Tear down**
    - **Inspect**
    - **Reassemble**
    - **Checkout**
  - Fixed Price rate for repair- admin. by DCMC
  - Material
    - **GFM- repairables**
    - **CFM- consumables**
  - Schedule
    - **A Model- Basic 151 days vice 250+ history**
    - **B Model- Basic 121 days vice 180+ history**

C-17 FLEXIBLE SUSTAINMENT IMPLEMENTATION STRATEGY



Key Characteristics

- **Prototype Public-Private Partnerships with ALC infrastructure**
- **Commercial practices**
- **System level performance guarantees**
- **Cost As An Independent Variable**
- **Ability to establish organic depot or compete after trial period**

C-17 FLEET PERFORMANCE

		Flight Hours		
	Good	Spec	100,000	160,000
Mean-Time Between Maintenance (Corrective) MTBM(C)	⇧	**0.78**	**1.71**	**1.89**
Mean-Time Between Maintenance (Inherent) MTBM(I)	⇧	**1.61**	**3.4**	**3.3**
Mean-Time Between Removal MTBR	⇧	**2.80**	**4.4**	**4.7**
Maintenance Man Hours Per Flight Hour MMH/FH	⇩	**18.6**	**15.4**	**16.5**
Mean-Manhours to Repair MMTR	⇩	**7.35**	**5.1**	**5.7**

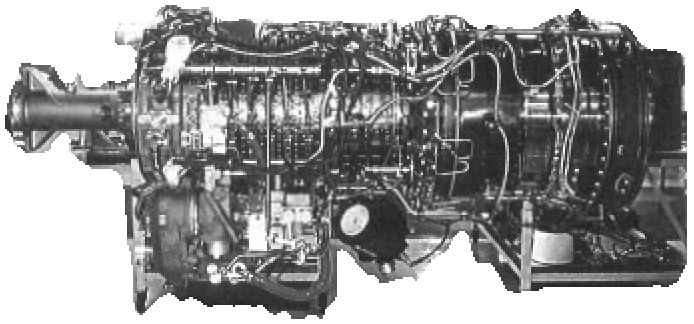
Coordinated with AMC/LGQA -- Based on REMIS data for Month of Fly Hour Milestone

The New Standard in Airlift

V-22

COMMERCIAL LOGISTICS SUPPORT

Engine



- AE1107C “POWER BY THE HOUR” ® (ALLISON)
- Contract awarded May 1998 / 2 year firm fixed price (5 options)
- Commercial support above organizational level of maintenance

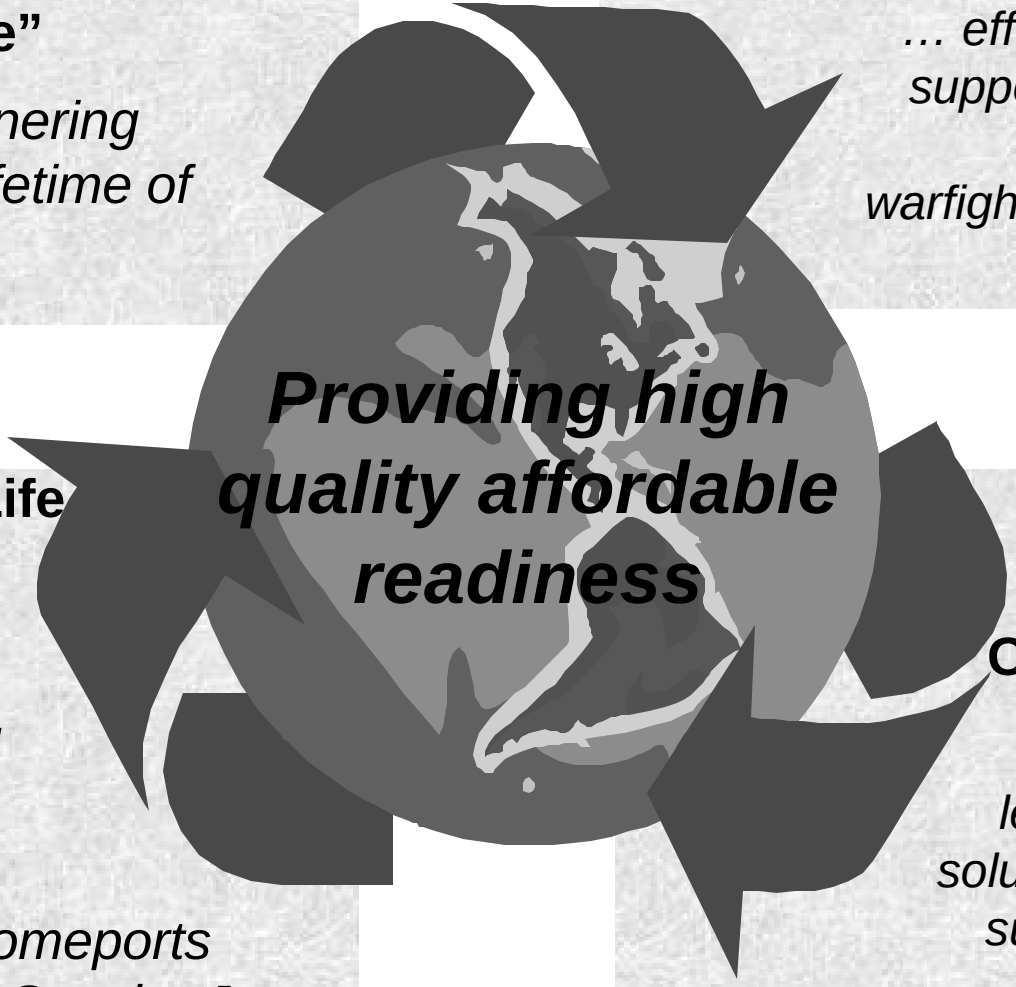
LPD 17 Full Service Contractor

Design-Build-Maintain "cradle-to-grave"

…collaborative partnering with industry for a lifetime of benefits

Total Ship Support System

… effective and efficient support delivery system responsive to ship warfighting and readiness requirements



Homeport-based Life Cycle Mgt Teams

...IPPD Teaming to improve operational performance and minimize downtime
...Maintenance in Homeports Norfolk, San Diego, Sasebo Japan

Modeling the Optimal Solution

…balanced mix of legacy and industry solutions for seamless support to the Class

Acquisition and Logistics Reform... Transforming an Enterprise

Aviation

- 3,672 Aircraft
- 7,488 Engines
- 15 Air Launched Missiles

Presented To:
PEO/SYSCOM
Commander's Workshop
4 April 2000

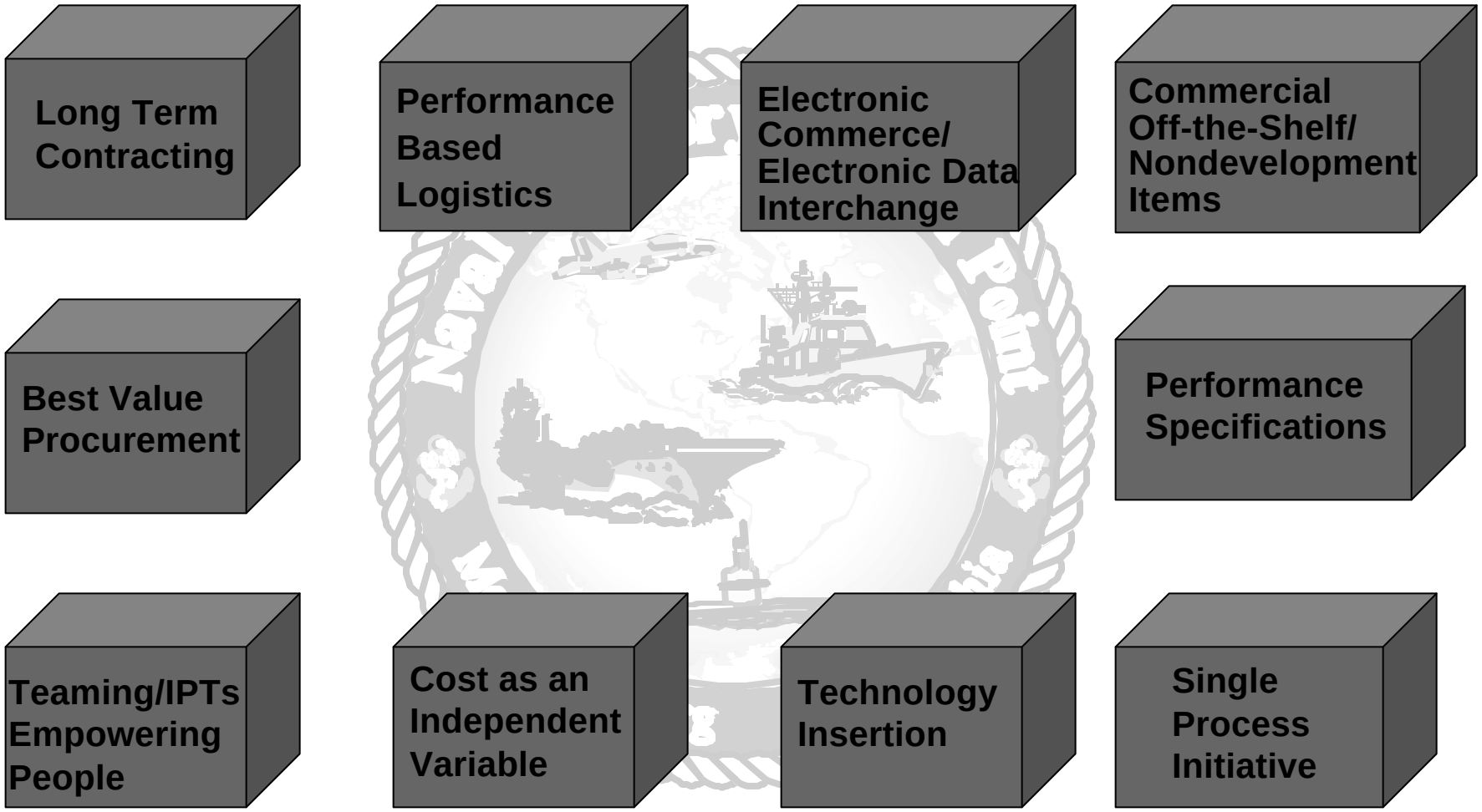
International Programs

- 2,227 Aircraft
- 131 Ships

Maritime

- 242 Ships,
- 72 Submarines
- 123 Nuclear Reactors

Principles of Acquisition Reform...
NAVICP Implementation Strategy



Applying These Principles... Success Stories

TAC-4

- **Commercial computers used to fulfill Navy shipboard and shore based computing requirements**
- **Contractor: Hewlett Packard**
- **Contract awarded Jan 95**
- **3 year contract for ordering; 3 additional years for maintenance**
- **Warranty for life of contract**

Applying These Principles... Success Stories

AN/UYQ-70(V) Advanced Display System

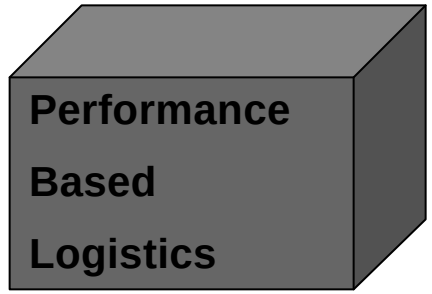
- **Five Year Contract**
  - **Currently under NAVSEA bridge contract**
  - **Recompete contract takes affect June 00**
  - **Cost: $500M**
- **Performance Metrics**
  - **Requisition response time**
  - **Response time linked to criticality**
- **Contractor Responsibilities**
  - **Configuration management and labeling**
  - **Receiving, shipping, tracking, warehousing**
  - **Inventory modeling**
  - **Retrograde management**
  - **Reporting requirements**
  - **Provisioning data**

Applying These Principles... Success Stories

Close In Weapons System (CIWS)

- **Five Year Contract**
  - **Awarded on 17 March 00**
  - **5% savings achieved**
  - **Cost: $96.8M**
- **Performance Metrics**
  - **Availability and response**
  - **Response time linked to criticality**
  - **FFP adjusted based upon achieved response**
- **Contractor Responsibilities**
  - **Receiving, shipping, tracking, warehousing**
  - **Levels setting**
  - **Depot repair/replace/overhaul decisions**

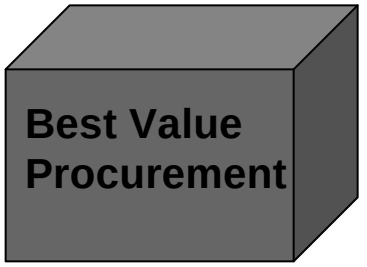
Raytheon



Leveraging Acquisition Life Cycle... Early Involvement

RINU / AHRS / NGS -LECP/PBLs

- **LECP's to replace "outdated" navigation systems with cutting edge COTS/NDI systems (fiber optic/ring laser)**
- **Best Value Procurements - PBL Support**
  - **Performance specs… competitive**
  - **Reliability guarantees… old systems 200 to 400 MTBF… new systems 4500 to 11,200**
  - **Availability guarantees… 1-3 day shipments upon a failure**
  - **Loaner spares provision... "teeth" for guarantees**
  - **Life cycle warranties… 15 years**
  - **Technology insertion incentive**
  - **Commercial storage & stocking of wholesale inv.**
  - **Significant savings!!**



Leveraging Acquisition Life Cycle… Mid-Life Cycle Involvement

ALR 67(V)3 PBL - New System

- **Radar Warning System for the F/A-18 E/F, awarded prior to IOC, NAVAIR funded E&S costs**

- **Contract Highlights**
  - **Reliability improvement guarantee & technology insertion incentive…. MTBF from 300 - 475 hours by year six**
  - **Availability guarantee… 90% within 5 days**
  - **Loaner spares… temporary loaner spares at no cost if either the reliability or availability metrics are not met**
  - **Commercial wholesale inventory management**
  - **Obsolescence management**
  - **EDI requisitioning & shipping status tracking**
- **6 years, $58.4 Million**

Teaming/IPTs Empowering People

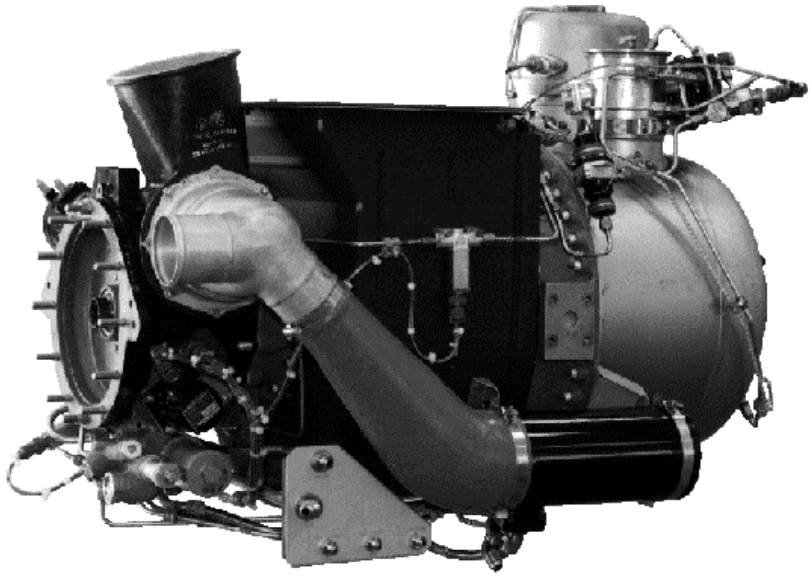
Future Success Stories

Auxiliary Power Unit (APU)

This PBL involves support of 4 different APUs used on the C-2, F/A-18, S-2 and P-3 aircraft, and involves a partnering effort between Honeywell and NADEP Cherry Point. Once executed, this will be Navy's first partnership DVD. The contract period is 10 years, with a 5 year base period and 5 one-year incentive periods.

VALUE ADDED:

- **Reduced NWCF costs**
- **Reduced customer costs**
- **Improved reliability**
- **Expedited transportation**



Future Success Stories

Joint Strike Fighter

Scope…

- **Core legislation's impact on LCC associated with new weapon system introduction**
- **Heavy Marketing of ICP core competencies**
- **Performing multiple modeling, sensitivity analyses for JSFPO**

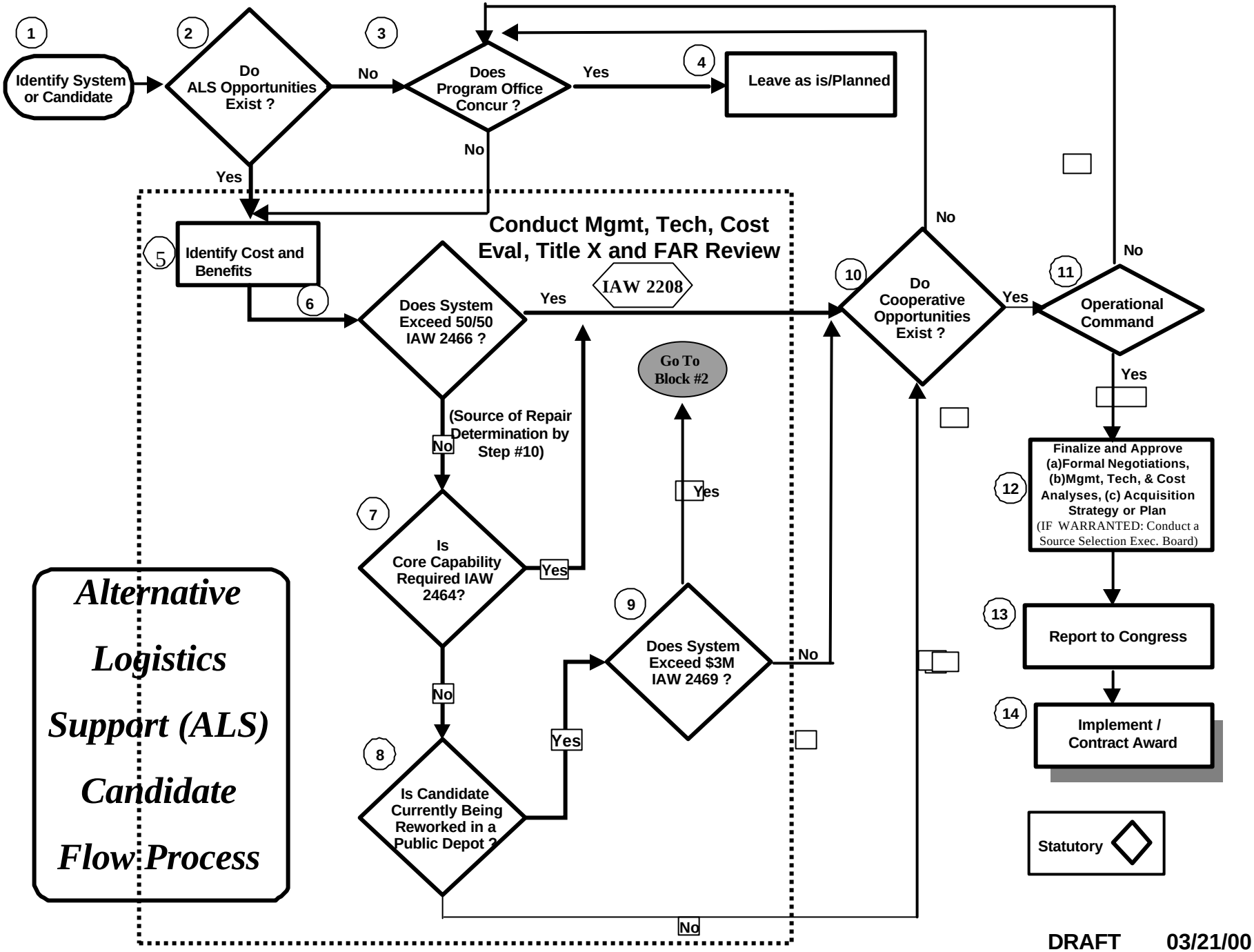
JOINT STRIKE FIGHTER

Contracting Innovation

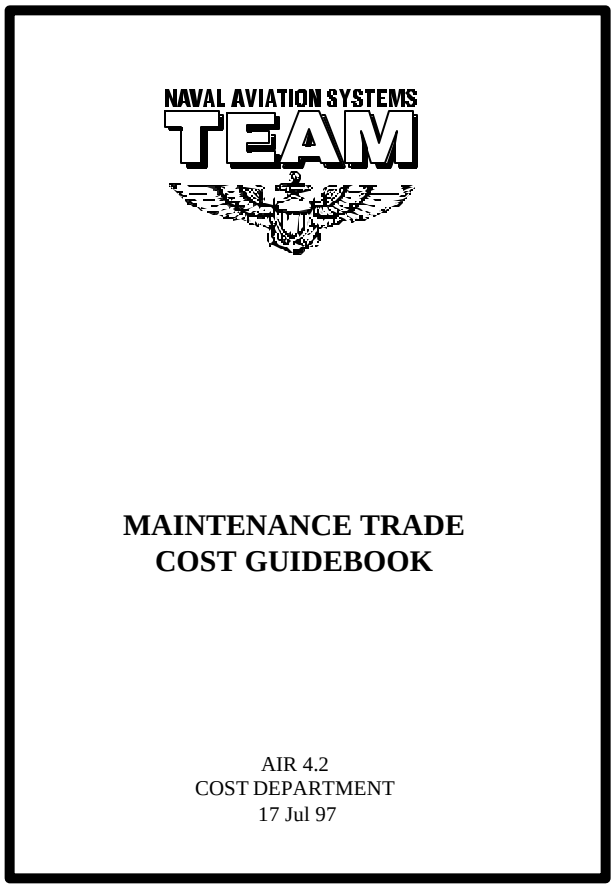
- **Award Term Contracts**
  - **If contractor meets metrics, contract term automatically extended**
  - **If metrics not met, contract automatically terminated**
- **Depot/Industry Partnerships**
  - **Structuring contracts between NAVICP and industry that allow industry to "subcontract" to Depots**
  - **Maintains workload at Depots while injecting best commercial practices**
- **Strategic Supplier Partnerships**
  - **Truly partnering with industry to ensure win-win relationship and mutual dependency**

Challenges We Face

- **Financial**
  - Current inventory accounting rules are costly and cumbersome
  - Discretionary vs. mandatory spending
- **Changing the Mindset**
  - Government and industry are slow to move to “buying performance” vice parts
  - Evolutionary vice revolutionary process
- **Defense Consolidation**
  - Competition
  - Innovation
- **PBL/CLS/TLS Contracts**
  - Difficult compared to business as usual
  - Resource intensive


1
Identify System or Candidate
2
Do ALS Opportunities Exist ?
No
3
Does Program Office Concur ?
Yes
4
Leave as is/Planned
No
Yes
Conduct Mgmt, Tech, Cost Eval, Title X and FAR Review
5
Identify Cost and Benefits
6
Does System Exceed 50/50 IAW 2466 ?
Yes
IAW 2208
No
(Source of Repair Determination by Step #10)
7
Is Core Capability Required IAW 2464?
Yes
No
8
Is Candidate Currently Being Reworked in a Public Depot ?
Yes
No
9
Does System Exceed $3M IAW 2469 ?
Yes
No
Go To Block #2
10
Do Cooperative Opportunities Exist ?
Yes
No
11
Operational Command
Yes
No
12
Finalize and Approve (a)Formal Negotiations, (b)Mgmt, Tech, & Cost Analyses, (c) Acquisition Strategy or Plan
(IF WARRANTED: Conduct a Source Selection Exec. Board)
13
Report to Congress
14
Implement / Contract Award
Statutory
Alternative Logistics Support (ALS) Candidate Flow Process
DRAFT 03/21/00

NAVAIR PROCESS FOR COST COMPARISONS: MAINTENANCE TRADE COST GUIDEBOOK



Guidebook Objectives:

- Promote consistency across studies
- Identify screening mechanisms
- Provide expanded descriptions of key ILS & O&S elements and cost drivers
- Identify data sources, estimating relationships, and default values
- Develop structured methodologies

Challenges We Face

Aviation PBL Initiatives

Awarded

IWST	PBL	Award Date
T-2	Cockpit	Mar-99
P-3, C-130	RINU	Sep-96
H-46	AHRS	Sep-97
H-60	Damper	Mar-99
Engines	T-700	Sep-98
SE	CASS	Dec-97
SE	Legacy GSE	Feb-00
Common	SCADC	Sep-98
F-14D, T-45	ALR-67(v)3	Oct-99
F-14D, T-45	NGS	Jul-99
F-18/F-14/AV-8B	SMS	Sep-99

Pending/Planned

IWST	PBL	EAD
F/A-18E/F	FIRST	Oct-00
Common	AMC&D	Jun-01
Common	ALE-55	May-01
Common	APR-39A v2	Nov-00
Common	GPWS	Jun-01
Common	PRC-149	Jun-00
Common	ARC-210	Aug-00
Common	TAMMAC	Apr-01
Common	TCAS	Dec-00
Common	Tires	Sep-00
Multiple	Radars	FY01
Multiple	Attitude Indicator	FY02/03
Multiple	APU's	Apr-00
E-2C	ACIS	Apr-01
E-2C	ESM	Nov-02
E-2C	EMDU	Aug-00
E-2C	Improved IFF	Jul-00
E-2C	GRIIM RepR	Nov-01
E-2C	MFCDU	Jul-02
E-2C	NP2000 Prop	Nov-02
E-2C	APS-138/145	Jul-02
E-2C	VCS	Nov-02

IWST	PBL	EAD
AH-1W	Gearbox	FY02/03
P-3	AFM	May-02
P-3	ALR-66	Apr-01
P-3	APS-137B	Sep-00
P-3	EDC	Dec-01
P-3	MAD	May-03
P-3	Landing Gear	Nov-01
P-3	APG-66	Feb-02
P-3	ARC-161	Dec-01
H-1	FLIR	FY02/03
H-46	ECCS	FY02/03
H-3	Aircraft	FY02/03
H-60	NAVFLIR	Sep-00
H-60	22 Item PBL	Jul-00
H-60	Tip To Tail PBL	Jan-01
S3,C130,F-5	Actuator	Nov-00
S3,C130,F-5	AYK-23	Feb-02
S3,C130,F-5	OK-645	Sep-02
S3,C130,F-5	Flight Servos	Apr-01
S3,C130,F-5	Flight Computer	Jul-02
S3,C130,F-5	APS-137	Jul-01
S3,C130,F-5	USH-42	Feb-01
S3,C130,F-5	Windshields	Jul-00
S3,C130,F-5	ALR-76 ESM	Apr-01
S3,C130,F-5	ATS Servo	Nov-00
F/A-18C/D	Ailerons	FY02/03
F/A-18C/D	AMAD	FY02/03
F/A-18C/D	ATARS	FY01
F/A-18C/D	ECS Valve	FY02/03
F/A-18C/D	Actuators	FY02/03
F/A-18C/D	Fuel Cells	FY02/03
F/A-18C/D	HUD/DDI	FY01
F/A-18C/D	LEF Servo	FY02/03
F/A-18C/D	SMUG	FY02/03
F/A-18C/D	TEF Servo	FY02/03
AV8,T2,A4	GTS	FY02/03
AV8,T2,A4	GINA	FY02/03
AV8,T2,A4	LST	FY02/03
AV8,T2,A4	NAVFLIR	FY02/03
F-14	ADAC	FY01
F-14	ASQ-197	FY02
F-14	DFCS	Sep-00
F-14	CCTVS	FY01
F-14	Wheels/Brakes	FY02/03

IWST	PBL	EAD
F-14	FMC	FY01
F-14	IRSTS	FY01
F-14	LANTIRN	Jun-00
V-22	Aircraft	FY02/03
V-22	DEU	FY02/03
V-22	DMS	FY02/03
V-22	Flat Panel	FY02/03
V-22	NAVFLIR	FY02/03
Engines	F402 DECU	FY02/03
Engines	F402 PLAU	FY02/03
Engines	F404 A/B Control	FY02/03
Engines	F404-402 Control	FY02/03
Engines	J52 Exhaust	FY02/03
Engines	T400-400 Control	FY02/03
Engines	T56 Fuel Nozzle	FY02/03
Engines	T56 Series IV	FY02/03
Engines	DETC	FY02/03
Engines	T56 Fuel Nozzle	FY02/03
Engines	T58 Fuel Control	FY02/03
Engines	T58 Fuel Control	FY02/03
Engines	T64-416A Control	FY02/03
Engines	T64-419 Control	FY02/03
Engines	TF34 Amplifier	FY02/03
SE	CASS CSP	May 00
SE	CCA Tester	FY02/03
SE	Eddy Current Det	FY02/03
SE	Test Set (T/S)	FY02/03
SE	Gas Motor T/S	FY02/03
SE	LPX160 T/S	FY02/03
SE	Manlift	FY02/03
SE	USM-467/429	FY02/03
SE	P25 Fire Truck	FY02/03
SE	UNIJASU	FY02/03
SE	VATS	FY02/03
EA-6B	ASW-40/41	FY02/03
EA-6B	Band 7/8 Mod	FY02/03
EA-6B	Band 9/10 Xmtr	FY02/03
EA-6B	EFIS	FY02/03
EA-6B	HARM Panel	FY02/03
EA-6B	ICAP III Upgrade	FY02/03
EA-6B	Low Band Xmtr	FY02/03
EA-6B	ASN-123	FY02/03
EA-6B	APS-130	FY02/03
EA-6B	USQ-113	FY02/03

Challenges We Face

Maritime PBL Initiatives

Awarded

IWST	PBL	Award Date
SMART SHIP TEAM	INTEGRAPH	6/96
MINEWARFARE-SPECWAR TEAM	F-470	12/97
MISSLE/FIRE CONTROL	TAC-JW	6/97
AEGIS(MISSILE FIRE CONTROL)	AEGIS (LM)	1/98
DETECTION SYSTEMS	SLQ-32	9/98
DC/DECK TEAM	EEBD	2/98
INTER/SHORE COMM. SURV.	JMCIS	6/98
INTEGRATED SELF DEFENSE	AN/UYQ-70	7/98
SATCOM-EXCOM	NAVMAC	6/99
SATCOM-EXCOM	ADNS	6/99
MISSILE FIRE CONTROL	TAC 3	8/99
INTEGRATED SELF DEFENSE	AN/AMP-383	5/99
INTER/SHORE COMM. SURV.	SSEE	7/99
DETECTION SYSTEMS	AN/SQQ-89(V)6	6/99
MINEWARFARE-SPECWAR TEAM	F-470	12/97
MISSILE FIRE CONTROL	TAC 4	8/99
SMART SHIP TEAM	LM2500 Breadman	3/99
MISSILE FIRE CONTROL	NTCSS	8/99
MISSILE FIRE CONTROL	MK-92	6/99
GPETE	GPETE	6/99
COMBAT SYSTEMS	SNAP III	8/99
MISSILE FIRE CONTROL	NALCOMIS	8/99
INTEGRATED SELF DEFENSE	AN/UYA-4	8/99
INTEGRATED SELF DEFENSE	AN/UYQ-21	8/99
GPETE	CAL STD	6/99
COMBAT SYSTEMS	Raytheon Svcs	8/99
SATCOM-EXCOM	NAVMACS II	6/99
DC/DECK	LIFE RAFT	01/00
INTEGRATED SELF-DEFENSE TEAM	CIWS	03/00

Pending/Planned

IWST	PBL	EAD
DC/Deck	P100 Pump	07/00
Inter/Shore Comm-Surv.	TRDF	05/00
Integrated Self-Defense Team	AADC AN/UYQ89	06/00
Inter/Shore Comm-Surv.	CCTV	05/00

IWST	PBL	EAD
Missile/Fire Control Team	AEGIS (Raytheon)	06/00
Missile/Fire Control Team	AEGIS Follow-on LM	08/00
Minewar/Specwar Team	Seal Delivery Vehicle	05/00
Air Programs-Torpedos-ATC	Digital Interrogator	05/00
HM&E Systems	ISC	09/00
Satcom/Excom Team	WSC-8 (v) 1&2	05/00
Satcom/Excom Team	HFRG	04/00
Satcom/Excom Team	WSC-6 (V) 7 & 5	08/00
Satcom/Excom Team	AN/URC-109	04/00
Smart Ship Team	Smart Ship - Allen Bradley	04/00
Inter/Shore Comm-Surv Team	ADAS	10/00
Inter/Shore Comm-Surv Team	BGPHES	04/00
Air Programs-Torpedos-ATC	AN/UPX-24 & OE-120	06/00
Detection Systems Team	CVTSC	06/00
Air Programs-Torpedos-ATC	IFF Digital Transponder	04/00
Missile/Fire Control Team	MK-41 VLS	04/00
Inter/Shore Comm-Surv Team	SWR	05/00
Air Programs-Torpedos-ATC	ASPARCS	06/00
HM&E Systems	Ship Stores Refrig Sys	09/00
Missile/Fire Control Team	ALP	01/01
Minewar/Specwar Team	AN/AQS-14A	11/00
Detection Systems Team	AN/SLQ-20B	04/01
Minewar/Specwar	AN/SQQ-32	03/01
Air Programs-Torpedos-ATC	AN/SPN-35C	04/01
Air Programs-Torpedos-ATC	VIDS	11/00
Minewar/Specwar	RONS	11/00
Minewar/Specwar	Night Vision Site	11/00
LM2500 Team	LM-2500 -- CLS	01/01
Satcom/Excom Team	CHBDL	12/00
Inter/Shore Comm-Surv Team	CVX ICAN	01/01
Minewar/Specwar Team	Obstacle Avoidance Sonar	11/00
Minewar/Specwar	ARS	03/01
Minewar/Specwar Team	MK-7 Divers Life Pres	03/01
Satcom/Excom Team	LCAC SLEP	11/00
Inter/Shore Comm-Surv Team	SIWCS	03/01
Minewar/Specwar Team	Mars Engine	03/01
Integrated Self-Defense Team	CEC AN/USG-2	06/02
Detection Systems Team	AN/SQQ-89 (V) 15	07/02
Detection Systems Team	AN/SLY-2 (V)	09/02
Inter/Shore Comm-Surv Team	COBLU	11/01

Conclusion

- **The NAVICP/SYSCOM Team is aggressively embracing Acquisition Reform for both legacy systems and new system starts**
- **We have learned from our initial efforts**
- **We are creating more efficient and effective mechanisms to evaluate and implement innovative solutions**

Army Pilot Programs

		CS Initiatives?
• Abrams	Legacy	X
• Apache		X
• AFATDS		X
• HEMTT		X
• Guardrail		X
• CH-47		
• HIMARS		X
• Comanche	Development/ Acquisition	X
• Crusader		X
• ITAS		X

Competitive Sourcing Initiatives

Legacy Programs

- Abrams M1A2
  - Performance Based Field Logistics Support
- Apache
  - Prime Vendor Support
- Heavy Expanded Mobility Tactical Truck (HEMTT)
  - Extended Service Program
- Advanced Field Artillery Tactical Data System (AFATDS)
  - Competitive software support
- Guardrail
  - High dollar, Low density system
  - No common configuration
  - Demands continuous technology upgrades.

Competitive Sourcing Initiatives

Development/Acquisition Programs

- **HIMARS/MLRS**
  - **Depot/Prime Teaming**
  - **Evaluating best value provider for supply/product support**
- **Comanche**
  - **Partnering with Industry**
- **Crusader**
  - **Integrated gov't/industry sustainment team**
- **TOW Improved Target Acquisition System**
  - **Contractor Logistics Support for wholesale supply & Depot**

Serving the Customer: 1-877-HI-TACOM

- **Customer field support by Tank-Automotive and Armaments Command**
- **One-stop customer telephone assistance for more than 3,000 systems**
- **24-hour supply and maintenance help**
- **Requisition input, modification, and status**
- **Direct links to R&D and maintenance centers**
- **Increased readiness from 89% to 93%**

Competitive/Commercial Product Support
PEO/SYSCOM Discussions (April 00)

- **Enhance the competitive environment**
  - **Performance incentives**
  - **Use incentives for reliability improvement**

- **Barriers that still exist**
  - **Elimination/establishment of infrastructure**
  - **Financial systems not reformed**
  - **Rules of engagement vary substantially**
  - **Legislative restrictions**

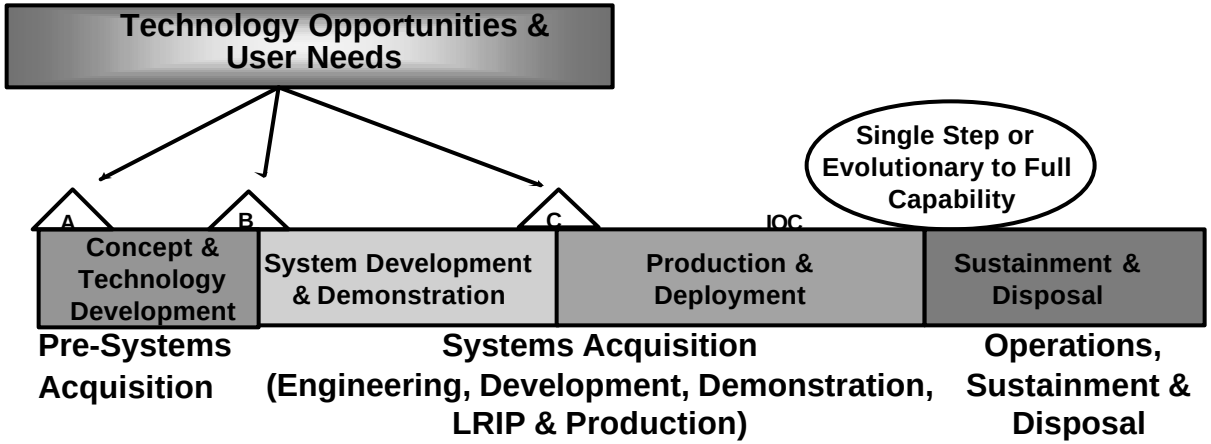
Competitive/Commercial Product Support
PEO/SYSCOM Discussions (Cont.)

- **New Challenges**
  - **Process for initiatives is lengthy and lacks visibility**
  - **Incentives and motivation for long-term contracts**
    - **Award fee**
    - **Cost savings sharing**
    - **Award term**
- **Rules of Engagement Vary Substantially**
  - **Clarify the definition of core across Services**
  - **Develop a common implementation process**
  - **Enable the sharing of risks and liabilities between government and industry**

PEO/SYSCOM (Group 6)
Recommendations

- **Develop financial processes that facilitate product support goals**
  - ***Test with four "912" Pilot Programs***
- **Streamline the process for evaluating and implementing reform initiatives**
  - ***NEW 5000.1 and 2 Directive and Requirement***
  - ***Develop Product Support Guidance, incorporate tenants of JAC initiative***
  - ***Institutionalize Performance Based Logistics***
- **Provide contracting guidelines for developing long-term, performance-based contracts**
  - ***DoD (Acquisition Reform) preparing a series of Guidance Documents***
- **Pursue legislative changes that increase funding flexibility for reform initiatives**
  - ***Collecting input from Service Components***
  - ***Review, Consolidate and Present to new Administration***

DoD 5000 Acquisition Policy Revision



Logistics Transformation. Logistics transformation is fundamental to acquisition reform. Decision makers shall take all appropriate enabling actions to integrate acquisition and logistics to ensure a superior product support process. The Department shall strive for an integrated acquisition and logistics process characterized by constant focus on total cost of ownership; supportability as a key design and performance factor; and logistics emphasis in the systems engineering process.

Logistics transformation shall be accomplished through streamlined logistics infrastructure requirements; reduced logistics response cycle times; weapon system supply chains integrated with DoD and commercial logistics systems and focused on customer service and readiness; use of competitive sourcing to select best value providers selected from government, industry, or public-private partnerships; a support environment that maintains long-term competitive pressures; continuous improvement of weapon system reliability, maintainability, and supportability through technology refreshment and other means; and effective integration of weapon system focused support to provide total mission logistics.

A Tool for Program Offices

- **Translates concepts of 912 report and PEO/SYSCOM recommendations into practical "how to" guide**
- **Focuses on:**
  - **Innovative Support Concepts**
  - **Performance Based Logistics**
  - **Legislative/Regulatory issues**
  - **Building an Acquisition Strategy**
  - **Product Support Decision Matrix methodology**

Draft Guide - 15 May
Final Guide - 30 June

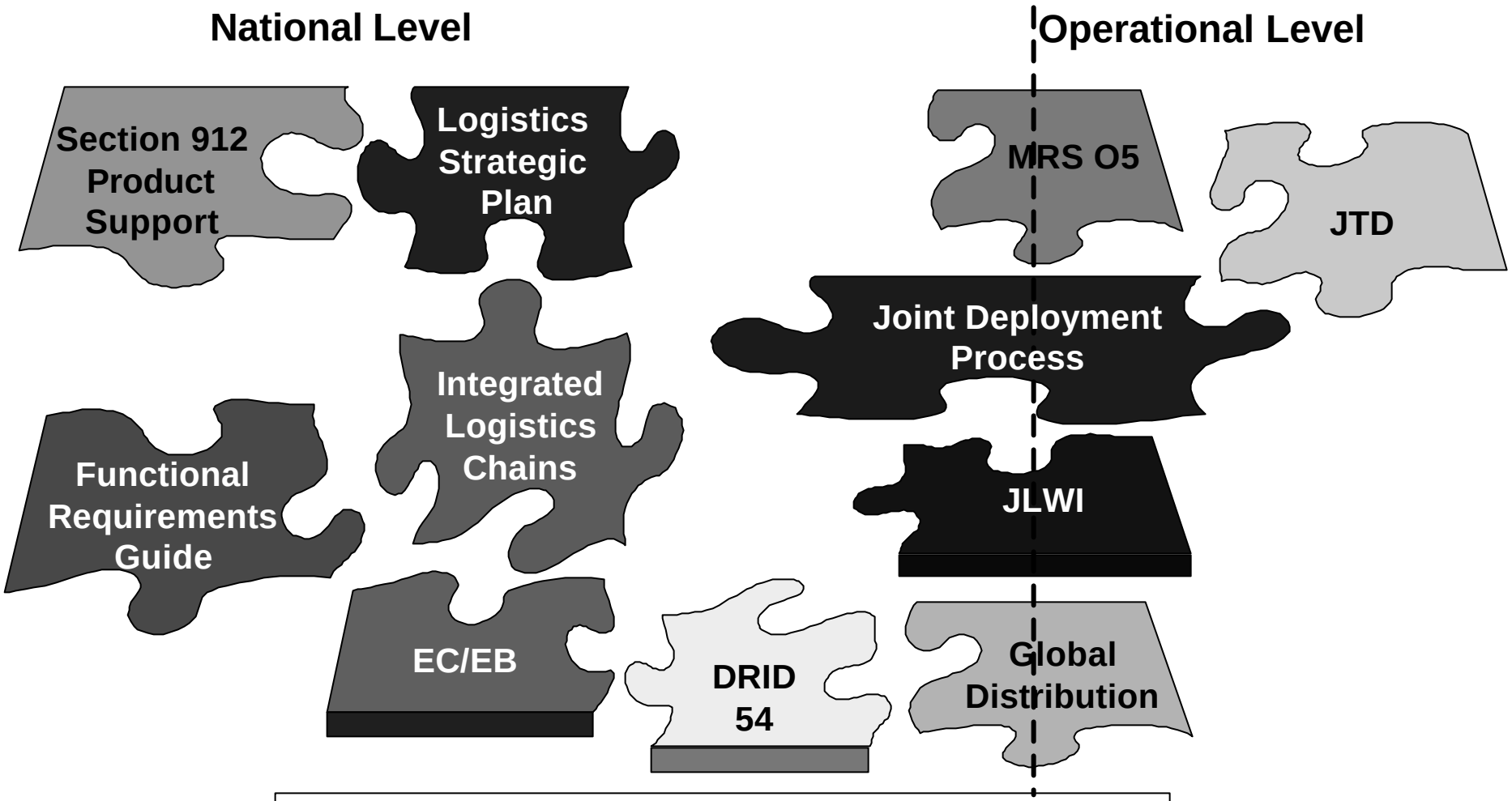
Currently Air Force Oriented - Will become a DoD Document

Logistics Architecture Objective

Design and guide the implementation of a logistics system that inherently meets the operational requirements of JV 2010

- **Required performance levels**
- **Warfighter expectations**
- **Functional processes**
- **Capital infrastructure**
- **Organization/force structure**
- **Industrial base**
- **Information systems**

Reengineering Logistics Processes / Systems



- How do the pieces fit together?
- Will the pieces get us what we need?
- What are the trade-offs?
- How do our efforts relate to other functions?

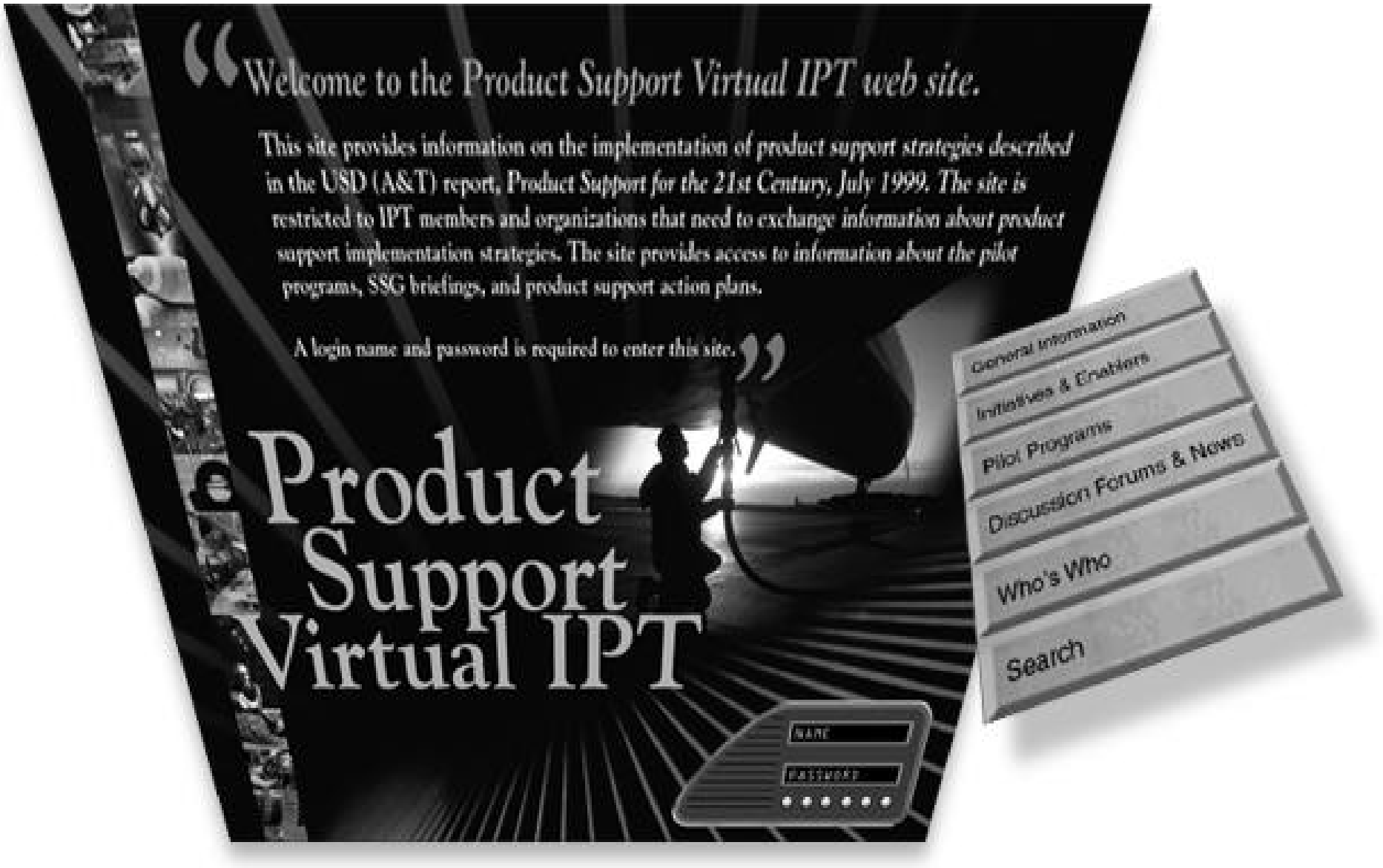
People

- **Acquisition workforce for the 21st century**
- **Acquisition / logistics professional development**
  - **Refocus on DAWIA Acquisition Log courses**
  - **New Sustainment course**
  - **Close Link with Systems Engineering Curriculum**
- **Acquisition / logistics certification (SOLE)**

Logistics Renaissance

As we enter the golden age of Logistics,

We need renaissance people!



http://orion.lmi.org/virtualipt/ ***Go to this site, and request a password***

Backup

Product Support

The support functions that are necessary to maintain the readiness and operational capability of weapon systems, subsystems, or support systems. The source of the support may be commercial or organic, but its primary focus is to optimize customer support to achieve maximum weapon system availability.

*****Includes material management, depot and I-level maintenance, maintenance planning, distribution, operator/maintainer training, technical data management, configuration management, cataloging, reliability growth, software support, and demilitarization.